June 1991

presstime

The Journal of the American Newspaper Publishers Association

A Working Convention Focuses On Marketing

presstime

JUNE 1991 VOLUME 13, NUMBER 6

28 Convention Report *The near-constant rain provided an apt climate for a Convention focused on bleak times. "Reinventing How Newspapers Go To Market" was the all-business theme for ANPA's 105th annual Convention in Vancouver, British Columbia. Despite poor prognoses for the traditional mass market and the retail industry upon which newspapers have depended, program sessions were empowering: They showed what newspapers can do to increase their appeal to readers and advertisers.*

8 Merger fallout *The vendor acquisitions of the '80s are having their effects in the '90s, including some scuttled projects and fewer equipment choices.*

16 Packing for vacation *Summer is at hand. And some newspapers are offering special deals to keep vacationers on their subscriber rolls.*

20 On-the-job training *Journalists and other German newspaper employees are apprentices before becoming full-fledged staffers. Is this a model system?*

58 Get with the program *Vanity Fair's top editor says newspapers should stop imitating television and be sources of relevant, hard-hitting information.*

62 Profile: Susan L. Whitlock *With American industry confronted by environmental challenges, her job has evolved into a new newspaper specialty.*

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72 Readership innovations *Halfway through its catalog of newspaper strategies, New Directions for News says targeting of readers can be tricky.*

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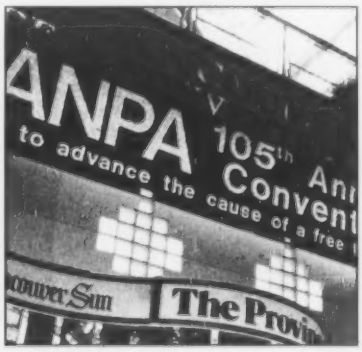
96 Best in the West *A majority of U.S. daily and Sunday papers showed circulation increases in the recent auditing period. The West leads the way.*

101 Revenue search *A state-sponsored tax research group is looking at ways to mine millions of dollars from newspaper and other print companies.*

Vendor mergers, p. 8



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CHAIRMAN'S CORNER

We're on our way to increased efficiency and effectiveness

Those of you who were able to be at the ANPA Convention last month will recall Paddy Sherman's references to Vancouver as a "little clearing in the rain forest." Recently I have come to think of the space in which this column will appear as my little clearing in presstime. As the days passed with the column still unwritten, it grew in my mind's eye from a small, uncluttered rectangle of white space to a gaping black hole, waiting somewhat impatiently to be filled. Here goes.

Robert F. Erburu

First, a few words about Cathie Black. As you know, Cathie will be taking over as president and CEO of ANPA later this month. In my view, and the view of everyone I spoke with in Vancouver, we are extremely fortunate to have her in this position. She is a bold, dynamic leader with a personal style that is just what ANPA needs at this juncture. Frank Bennack and his search committee did their job well. A word of thanks to them. And to you, Cathie, welcome!

Now to the main topic I want to address: the organizational changes facing ANPA, the Newspaper Advertising Bureau and our other marketing associations. These changes are well under way now, and I want to urge all of you to get behind the effort.

When Booz • Allen & Hamilton issued its initial recommendations a number of months ago, the central message was clear. We were told in no uncertain terms that we needed to pay attention to increasing the effectiveness of ANPA and NAB. In March, in this very space, Lloyd Schermer aptly described the ANPA Board's approval of the Booz • Allen recommendations as "a watershed for our industry." Today, we must focus on implementation. Planning is under way for a joint newspaper administrative center, which will perform functions ranging from internal accounting to dues collection. The leadership of ANPA and NAB have opened new lines of communication and formed working committees to begin striving in a practical way to establish a closer partnership that will strengthen both organizations. A joint schedule of board and executive committee meetings has been hammered out, to enable ANPA and NAB to share ideas and goals, to work together.

Change is rarely easy because it disrupts routine, and routine lends order to our lives. But like the seasons, change is inevitable, and we must steer our own course or be towed along in the wake. The changes now in progress are the result of extensive research and analysis. We have done our homework, and we should proceed with confidence. This is an effort that will pay off for all of us. And not just in revenues. Let's not forget, as we reshape these organizations, that efficiency and cost-effectiveness are only means to an end. The real goal is excellence throughout our newspapers, in all of their departments and in all phases of their operations.

Finally, let me say something about togetherness. This reorganization will take some time, and there will be some differences of opinion about exactly how we should get from here to there. We should not be afraid of healthy debate, but we must guard against divisiveness. Just as vigorous debate will help us make better decisions, Balkanization will defeat us. We should remember that, ultimately, we must be able to speak with a unified voice.

I have no doubt that we will do just that.

Robert F. Erburu

Robert F. Erburu
ANPA Chairman

Capital spending could be on a par with '88 record

Newspaper publishers this year may match their all-time record for capital expenditures.

Newspapers responding to ANPA's annual survey of capital expenditures plan to spend nearly $1.6 billion on equipment and newspaper plants and construction this year, up from expenditures of nearly $1.2 billion in 1990 and nearly $1.5 billion in 1989.

Though fluctuating response rates make direct annual comparisons imprecise, if the projections prove correct, 1991 spending will be on a par with the record $1,577,569,111 spent in 1988.

Spending on presses, new construction and front-end systems is projected to account for the bulk of the purchases.

Each year the survey is sent to the 1,100 newspaper plants that print ANPA-member newspapers. The latest questionnaire received 424 responses—406 from the United States and 18 from Canada—compared with 440 and 465 in 1990 and 1989, respectively.

Survey respondents spent $335.7 million on plant expansion and modernization in 1990 and plan to increase that amount to $502.6 million this year. In 1989, newspapers spent $439.5 million in that area.

The amount spent on telecommunications equipment is slated to nearly double, from $3.4 million in 1990 to $6.5 million. This year's projections and last year's expenditures pale, however, when compared with newspapers' telecommunications expenditures of $21.1 million in 1988 and $14.9 million in 1989.

Other new equipment purchases—from editorial systems to presses to motor vehicles—are expected to be just over $1 billion this year. Those expenses totaled $851.4 million in 1990. Newspapers spent $1 billion on new equipment in 1989 and $974.6 million in that category in 1988.

A closer examination reveals:

- Spending for pressrooms may show a 25-percent increase from 1990 to 1991. For this year, newspapers expect to spend $631.1 million, the highest category of expenditures. This compares with $506.2 million in 1990 and $397.8 million in 1989.
- Projections call for new construction spending of $355.1 million. That would be an increase of 62 percent from 1990 expenditures, when newspapers spent $218.1 million on new building construction. In 1989, the figure was $170.4 million.
- Spending for additions to existing buildings is projected to decline for the third straight year—dropping to $46.9 million, down from $59.4 million in '90 and $100.9 million in '89.
- Purchases of front-end computer systems are expected to increase 51 percent in 1991 to $93.8 million, up from $62.1 million. However, in 1989, newspapers spent $114 million in this category.
- Projected 1991 expenditures for personal computers are $17.1 million, little changed from 1990 and 1989.
- Spending on mailroom equipment should rebound in 1991, to about $114.4 million. Such spending was $70 million last year and $135.6 million a year earlier.
- Spending for color scanners and related equipment is projected to rise to $13.2 million, up from $8 million last year but still below the $19.1 million spent in 1989.
- Waste ink reclamation equipment purchases also are expected to increase this year, to $1.7 million. Newspapers spent $607,100 in that area in 1990, less than half of the $1.5 million spent in 1989.

In the "other" category of miscellaneous expenditures, they project spending of $23.1 million this year, compared with $21 million and $63 million in 1990 and 1989, respectively. Items in this grouping vary from gasoline tanks to newsprint recycling equipment to asbestos removal. □

Chart 1—1991 Estimates

Newspaper Plants Participating[1]	U.S. 406	Canada 18	Totals 424
Plant Expansion and Modernization			
New Building	$351,804,743	$3,335,090	$355,139,833
Addition to existing building and/or satellite building	44,882,452	2,000,000	46,882,452
Modernization of existing building	62,502,528	2,508,000	65,010,528
Additional land, parking, garage	35,027,646	560,000	35,587,646
Subtotal	$494,217,369	$8,403,090	$502,620,459
Telecommunications	6,518,811	0	6,518,811
New Equipment			
Computers (hardware and software)			
Front-end systems—editorial, classified, advertising	$88,774,608	$4,951,100	$93,725,708
Business—accounting, circulation	28,748,424	971,000	29,719,424
Personal computers	15,900,576	1,249,500	17,150,076
Library systems	3,754,681	25,000	3,779,681
Composing room	27,176,167	1,765,000	28,941,167
Camera—platemaking, editorial, photo department	18,557,368	555,500	19,112,868
Color scanners and color separation equipment	13,087,891	163,400	13,251,291
Pressroom	630,541,124	613,000	631,154,124
Mailroom	112,628,860	1,810,000	114,438,860
Newsprint handling and warehouse equipment	16,180,966	35,000	16,265,966
Energy, power and security management systems	8,859,533	181,800	9,041,333
New telephone and radio systems	9,649,682	151,000	9,800,682
Transportation—automobiles and trucks	26,156,815	392,500	26,549,315
New furniture and office equipment	19,480,374	1,871,600	21,351,974
Newspaper vending machines	9,887,556	868,700	10,756,256
Commercial or job printing equipment	1,336,066	0	1,336,066
Waste ink reclaiming equipment	1,608,776	0	1,608,776
Other	22,581,035	518,000	23,099,035
Subtotal	$1,054,910,502	$16,172,100	$1,071,082,602
Estimated Total Outlays	$1,555,646,682	$24,575,190	$1,580,221,872

[1] Figures represent only those ANPA-member plants reporting and not all daily newspapers.

Chart 2—1990 Expenditures

Newspaper Plants Participating[1]	U.S. 406	Canada 18	Totals 424
Plant Expansion and Modernization			
New Building	$178,233,599	$39,918,401	$218,152,000
Addition to existing building and/or satellite building	58,181,985	1,176,661	59,358,646
Modernization of existing building	36,983,623	3,292,859	40,276,482
Additional land, parking, garage	17,870,554	0	17,870,554
Subtotal	$291,269,761	$44,387,921	$335,657,682
Telecommunications	3,357,402	0	3,357,402
New Equipment			
Computers (hardware and software)			
Front-end systems—editorial, classified, advertising	$58,228,447	$3,871,903	$62,100,350
Business—accounting, circulation	26,488,305	3,495,436	29,983,741
Personal computers	17,701,003	1,427,165	19,128,168
Library systems	3,170,644	33,614	3,204,258
Composing room	20,362,671	1,098,094	21,460,765
Camera—platemaking, editorial, photo department	13,662,720	722,115	14,384,835
Color scanners and color separation equipment	7,735,629	174,755	7,910,384
Pressroom	505,265,054	960,460	506,225,514
Mailroom	69,133,079	845,449	69,978,528
Newsprint handling and warehouse equipment	10,852,500	18,683	10,871,183
Energy, power and security management systems	3,489,210	904,896	4,394,106
New telephone and radio systems	14,145,938	2,596,322	16,742,260
Transportation—automobiles and trucks	27,287,303	1,610,512	28,897,814
New furniture and office equipment	18,639,862	2,557,767	21,197,629
Newspaper vending machines	9,934,552	1,381,555	11,316,107
Commercial or job printing equipment	2,132,300	103,370	2,235,670
Waste ink reclaiming equipment	605,100	2,000	607,100
Other	12,934,908	7,866,607	20,801,515
Subtotal	$821,769,224	$29,670,703	$851,439,927
Total Outlays	$1,116,396,387	$74,058,624	$1,190,455,011

Circulation rises at majority of U.S. dailies, with the Western region out front

Despite the lackluster national economy, most U.S. daily newspapers have increased circulation, according to an analysis by ANPA's Circulation and Readership Department.

Researchers compared the latest Audit Bureau of Circulations' "FAS-FAX" data for the six months ending March 31, 1991, with ABC's year-earlier report.

Fifty-three percent of the nation's 842 comparable daily newspapers gained circulation on weekdays, ANPA found.

Sunday (or weekend) editions did even better, with 62 percent of the 578 comparable editions growing.

Economic conditions were reflected in the fact that a smaller percentage grew than one year ago, when 62 percent of the daily and 70.5 percent of the Sunday papers showed increases.

The same situation affected penetration rates. Thirty-seven percent of the weekday and 38 percent of Sunday (or weekend) editions increased penetration in their primary market areas. Comparable figures from one year ago were 40 percent and 46 percent, respectively. (Penetration is the ratio of circulation to occupied households.)

Martin Casey, ANPA vice president/circulation and readership, said it is difficult to increase penetration rates. "Penetration loss is a result of declining reading frequency," he explained. "We have as many or more readers than ever before, but people generally are not reading newspapers as frequently as they once did."

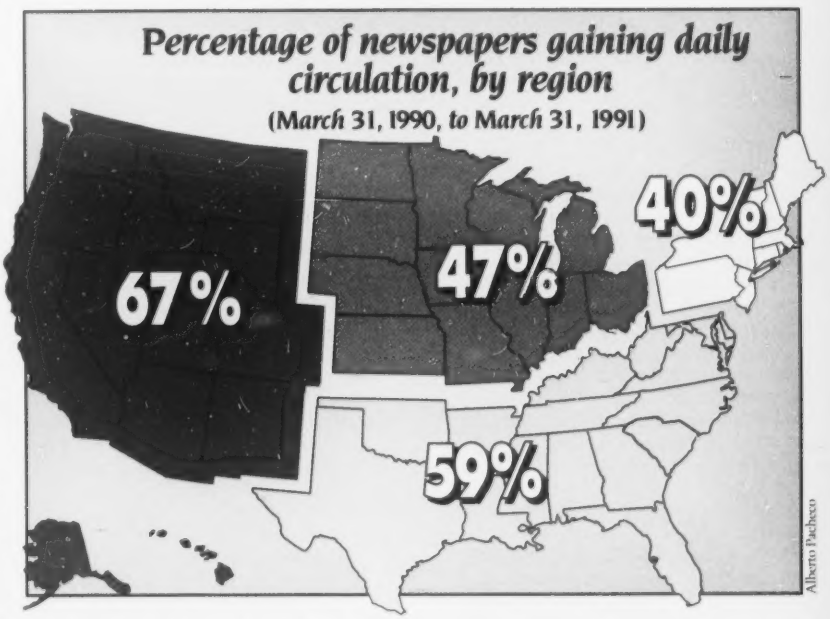
For the first time, Casey's department analyzed the data by geographic region. Not surprisingly, more newspapers in the West were gainers in daily and Sunday circulation, followed by those in the South. There were fewer gains in the Midwest, and fewest in the Northeast.

The accompanying map shows the percentage of newspapers that gained daily circulation, by region.

For Sunday editions, the percentages of newspapers that gained, by region, were: West, 73 percent, South, 62 percent; Midwest, 56 percent; and Northeast, 49 percent.

In the regional computation of penetration, papers in the West again led for weekday and Sunday with increases by 42 percent and 44 percent, respectively. Other totals were: South, 37 percent and 38 percent; Midwest, 41 percent and 36 percent; and Northeast, 32 percent and 40 percent.

Casey also made computations by circulation categories, as he had done for the previous FAS-FAX report [**presstime**, Dec. 1990, p. 48]. He found that mid-size newspapers generally showed more circulation gains than those in the smallest and largest groupings, as follows: Over 500,000—50 percent daily, 75 percent Sunday; 250,000 to 500,000—61 percent and 59 percent; 100,000 to 249,999—60 percent and 64 percent; 50,000 to 99,999—62 percent and 71 percent; 10,000 to 49,999—52 percent and 57 percent; and under 10,000—43 percent and 66 percent.



In terms of penetration, gainers by circulation category were: over 500,000—35 percent daily, 56 percent Sunday; 250,000 to 500,000—42 percent and 42 percent; 100,000 to 249,999—37 percent and 30 percent; 50,000 to 99,999—45 percent and 45 percent; 10,000 to 49,999—36 percent and 37 percent; and under 10,000—30 percent and 36 percent. □

Relaxation expected in rule on unrenewed subscriptions

Newspapers will be able to increase the number of unrenewed subscriptions that can be counted as paid circulation under a preliminary change approved by the Audit Bureau of Circulations' Board of Directors in May.

The ABC auditors have always permitted newspapers an allowance of 2 percent of unrenewed subscriptions. Those accounts can be carried for up to three months—and counted as paid circulation—if newspaper managers have a reasonable belief that the subscribers will eventually renew.

Under the proposed change, that allowance may be as much as 4 percent.

Another aspect of the change is that newspapers will be able to include first-time discount subscribers in the allowance. This was described as a major improvement by Robert W. Althaus, circulation director of the St. Petersburg Times and chairman of the International Circulation Managers Association-ABC Liaison Committee. That committee, along with the ANPA/Newspaper Advertising Bureau-ABC Liaison Committee, sought the change.

The ABC board gave the preliminary green light at its May 15-18 meeting and may grant final approval at its next meeting Aug. 13-16 in Quebec City.

The board also approved a rule allowing newspapers to publicize their paid circulation in categories such as ZIP codes, towns and counties, and to do so in comparison with their competitors' circulation statistics [**presstime**, April 1991, p. 48]. □

NOTE

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